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FISCAL IMPACT STATEMENT

LS 6787 | **NOTE PREPARED:** Feb 18, 2010
BILL NUMBER: HB 1086 | **BILL AMENDED:** Feb 18, 2010

SUBJECT: Tax and Expenditure Administration.

FIRST AUTHOR: Rep. Welch | **BILL STATUS:** CR Adopted - 2nd House
FIRST SPONSOR: Sen. Hershman

FUNDS AFFECTED: X **GENERAL** | **IMPACT:** State & Local
DEDICATED
FEDERAL

Summary of Legislation: (Amended) *Finance Authority:* This bill specifies that the Indiana Finance Authority (authority) is authorized to enter into a contract to sell substitute natural gas (SNG) to third parties. The bill specifies requirements for contracts entered into by the authority to sell SNG. It specifies that the obligation of the authority to pay for SNG is limited to the funds available in the substitute natural gas account plus any other amount recoverable by the authority under the contract, and provides that an obligation of the authority under these provisions is not supported by the full faith and credit of the state.

State Expenditure Information: The bill requires the Office of Management and Budget (OMB) to develop and maintain an Internet web site detailing state expenditures by state agencies.

Agricultural Land Assessments: This bill provides that in making the annual calculation of the base rate for the assessment of agricultural land, the Department of Local Government Finance (DLGF) must use an adjusted six year average that eliminates the highest and lowest values determined for the six year period.

Maximum Levy: The bill provides that upon request by a civil taxing unit, the DLGF may make an adjustment to the civil taxing unit's maximum property tax levy if the civil taxing unit's actual levy for the previous year was lower than its maximum property tax levy for that previous year because of the civil taxing unit's use of cash balances.

Standard Deduction: The bill permits an individual to receive both a senior citizen property tax deduction and a supplemental standard deduction.

Personal Property Returns: This bill extends from six months to one year the time period allowed for filing an amended personal property tax return. It reduces by 10% a credit or refund if an amended personal property tax return is filed more than six months, but less than 12 months, after the due date (including any extension period) for the original personal property tax return. The bill also eliminates the 30 day grace period before a 20% penalty begins to apply to the late filing of a personal property tax return.

Referenda: The bill provides that in the case of a project that would be subject to the petition and remonstrance process, the fiscal body of the political subdivision proposing to issue the bonds or enter into the lease may adopt a resolution specifying that the referendum process applies instead of the petition and remonstrance process.

The bill also provides that during the period beginning with the adoption of a resolution by a school corporation to place a referendum tax levy question on the ballot and continuing through the day on which referendum is submitted to the voters, the school corporation may not promote a position on the referendum by taking certain actions. It specifies that a person or an organization that has a contract or arrangement with a school corporation for the use of any of the school corporation's facilities may not spend any money to promote a position on a referendum. The bill also allows an elected or appointed public official of a school corporation to personally advocate for or against a position on the referendum so long as it is not done by using public funds.

Continuance of Deductions: This bill permits a transferee of real property to obtain the benefit of certain property tax deductions in the first full year that the property is owned by the transferee if the transferor would have been eligible for the property tax deductions had the property not been transferred and the property tax assessment board of appeals determines that the property became exempt from property taxation beginning with the first assessment date after the property was transferred to the transferee.

Church Exemption: The bill authorizes a property tax exemption for the 2007 assessment date for land and improvements owned by a church that failed to file an exemption application for that year.

Social Service Center Exemption: This bill authorizes a property tax exemption for the 2006 assessment date for personal property, land, and improvements owned by a social service center that failed to file an exemption application for that year.

Fraternity and Other Exemptions: The bill permits a taxpayer to file or refile a property tax exemption application under the exemption statutes available for sorority and fraternity property or for charitable property generally with respect to exemptions for the 2006, 2007, 2008, and 2009 assessment dates.

Boy Scout Exemption: The bill authorizes a property tax exemption for the 2007 assessment date for land and improvements owned by a local council of the Boy Scouts of America that failed to file a timely exemption application for that year.

American Legion Exemption: This bill authorizes a property tax exemption for the 2007 assessment date for land and improvements owned by an American Legion that failed to file a timely exemption application for that year.

Retroactive Exemptions: The bill restricts the persons who are eligible to file a late property tax exemption application under the authority of P.L.182-2009(ss), SECTION 479.

Delinquent Taxes: This bill requires payment of certain delinquent property taxes before removing property from the tax sale list or allowing a person to record a plat of a subdivision or consolidate contiguous parcels into a single parcel for property tax purposes.

Deadlines: The bill changes the deadline for filing a rehabilitation property tax deduction application. The bill also extends the time in which an ordinance imposing, increasing, or decreasing a local income tax may be adopted.

Fire Protection Territories: The bill permits fire protection territories (FPT) to delay part of an increase in property taxes for up to three years.

LOIT Credits: This bill requires surplus local option income tax revenue to be used as property tax replacement credits.

Miscellaneous: The bill defines the term "mobile home community" for the purposes of the property tax laws. It also corrects references to the definition of homestead, removes references to obsolete administrative rules related to inventory, and makes other technical changes property tax laws.

Solar Energy Systems: The bill describes various solar heating and cooling systems that are eligible for the deduction. It changes the method by which solar heating and cooling systems are valued for purposes of a property tax deduction. It specifies that the deduction does not apply to systems designed to heat pools. The bill also indicates that a mobile home owner does not need to annually file for a solar heating and cooling system exemption.

Study Committee: This bill provides for a study of the allocation and distribution of local income taxes and for the preparation of corrective legislation to amend all laws affected by the change in the last date that local taxes can be imposed, increased, or decreased in a county.

EFT: The bill allows a Class 1 or Class 2 public library to pay claims by electronic funds transfer (EFT) if the library board authorizes the payment method by adopting a resolution.

Effective Date: Upon passage; March 1, 2008 (retroactive); January 1, 2009 (retroactive); January 1, 2010. (retroactive); March 1, 2010 (retroactive); July 1, 2010; January 1, 2011.

Explanation of State Expenditures: (Revised) *State Expenditure Information: Summary* - This bill will increase administrative costs for OMB and the Office of Information Technology. The increase is indeterminable and will depend on the amount of resources that will be required to implement the database required by the bill. The bill requires these two agencies to work together to develop and maintain an Internet web site detailing state expenditures and fund balances. Also, the bill requires OMB to provide a report to the State Board of Finance and the Legislative Council that details the state expenditures and fund balances contained in the database and the progress that OMB has made regarding the provisions in this bill. It is estimated that all state agencies currently have the information needed for the database.

Background Information - There are 29 states that currently provide budget and spending information online: Alabama, Alaska, California, Delaware, Florida, Georgia, Hawaii, Illinois, Kansas, Kentucky, Louisiana, Maryland, Minnesota, Mississippi, Missouri, Nebraska, Nevada, New York, North Carolina, Oklahoma, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, Utah, Virginia, Washington, and Wyoming.

Six states are currently involved in the process of implementing websites containing budget and spending information: Arizona, Colorado, North Dakota, Ohio, Oregon, and West Virginia.

State Examples -

Alaska: Alaska's Checkbook Online was launched in January 2008 and was created by using reports from a data warehouse of accounting information which were posted on the website. The total implementation cost of the website was about $5,000. The website is updated monthly, which takes about one day for the accountant to pull the reports and the webmaster to post the information and update the links. Checkbook Online only includes payments made through the statewide accounting system, and does not include financial information for state educational institutions.

Nebraska: The Nebraska Spending website includes audit and budget databases and was implemented through a phase-in process. The first phase, which occurred in January 2008, made information regarding the budget, tax revenues, tax information (descriptions of the taxes and their respective rates), and the previous fiscal year expenditures available to the public. The second phase included information about property taxes, state contracts from 1997 to 2007 for expenditures over $500,000, and was implemented in May 2008. The third phase, which was to be completed in May 2009, will include spending for state educational institutions, and is estimated to cost approximately $3,000 to $5,000 to implement. In its current form, the cost for the website is estimated to be $38,000, and reoccurring annual maintenance costs are estimated to be about $1,100.

Nevada: The Nevada Open Government website includes state expenditures and revenue sources. The projected development costs of the website for the current fiscal year are estimated to be about $160,000. The website will expand in the future to include information on payroll, contracts, and grants. The inclusion of this information is expected to cost about $266,000 to implement. Annual maintenance costs are estimated to be about $25,000. Actual expenditures are not included for state educational institutions since they do not record their expenditures in the statewide financial system. However, the website includes their budgetary information, including revenue sources other than the General Fund, such as registration fees, as part of the executive budget.

Oklahoma: Oklahoma's Open Books website was launched in September 2007, and it includes information on state expenditures, revenues, incentive payments, and tax credits. Search capabilities were added after the site was launched. The initial implementation of the website was about $40,000 and was accomplished through existing resources. Ongoing maintenance costs have not been tracked and are accomplished through existing resources.

Study Committee: This provision would require the Commission on State Tax and Financing Policy to study the allocation and distribution of local income taxes during the 2010 interim. There would be no additional expense to include this topic of study.

Explanation of State Revenues:

Explanation of Local Expenditures: *Delinquent Taxes:* Under current law, a transfer of ownership interest for a real property parcel that results from either a split or a combination of parcels may not be recorded until all past due property taxes are satisfied and the county auditor makes an endorsement.

This bill would also require payment of past due taxes and the auditor's endorsement before property is removed from the tax sale list and before allowing a person to record a plat of a subdivision or to consolidate parcels. This provision could increase the number of instruments that would have to be endorsed by the county auditor.

LOIT Credits: Under current law, the Department of Local Government Finance (DLGF) must calculate and certify the county homestead credit percentage for the LOIT-funded homestead credit. Under this bill, each county would make their own calculation. The bill also specifies that revenue remaining after LOIT property tax replacement is paid, if any, must be used for property tax replacement in subsequent years.

Explanation of Local Revenues: (Revised) *Agricultural Land Assessments:* Under current law, the assessed value of real property is adjusted each year to reflect market changes. Each year, the base rate for agricultural land is set by the DLGF, based on a six-year rolling average of the capitalization of net cash rents and net operating income for farmland. Beginning with taxes payable in 2011 under this bill, both the high and low years in the six-year average would be dropped.

The base value per acre of farmland is $1,250 for taxes payable in 2010, and is currently estimated at $1,400 for 2011, $1,700 for 2012, and $1,810 for 2013. Under this proposal, the base rate would be $1,400 for 2011 (no change), $1,590 for 2012, and $1,750 for 2013.

The reduction in the farmland base rate in this proposal would result in a smaller tax base than under current law. This would lead to a higher tax rate. The statewide average tax rate per $100 AV would increase by an estimated $0.0112 in 2012 and $0.0058 in 2013.

This increased tax rate would shift part of the tax burden from farmland to all other classes of property. In addition, circuit breaker credits would increase by a small amount and TIF proceeds would increase slightly. The table below contains estimates of these changes.

Estimated Net Property Tax and Circuit Breaker Changes				
Net Tax by Property Type	**2012**		**2013**	
Homesteads	+5.3 M	+0.3%	+2.9 M	+0.2%
Farmland	-16.3 M	-5.1%	-8.5 M	-2.6%
Other Residential	+1.3 M	+0.2%	+0.7 M	+0.1%
Commercial Apartments	+0.1 M	+0.1%	+0.1 M	+0.1%
Ag_Business (Ex. Farmland)	+1.2 M	+1.2%	+0.6 M	+0.6%
Other Real Property	+2.9 M	+0.2%	+1.5 M	+0.1%
Personal Property	+2.9 M	+0.3%	+1.5 M	+0.2%
TIF Proceeds	+0.6 M	+0.1%	+0.3 M	+0.1%
Circuit Breakers	+3.0 M	+0.7 %	+1.5 M	+0.4%

Maximum Levy: Under current law, civil taxing unit maximum levy limits grow by the six-year average increase in Indiana nonfarm personal income. The growth factor is applied to the sum of the previous year's actual controlled levy *after eliminating the effects of temporary adjustments to the working maximum levy*, plus one-half of the amount of maximum levy in the previous year that was not levied.

Under this bill, the DLGF may adjust a civil taxing unit's maximum levy the if the unit used cash balances rather than its entire levy authority in the preceding year. This provision could encourage taxing units to use cash balances and temporarily reduce levies without losing any levy authority.

Standard Deduction: Under current law, homeowners who receive the senior deduction may not receive any other deductions except for the mortgage deduction and the traditional standard deduction. The new supplemental homestead standard deduction is automatically granted to any homeowner that receives the traditional standard deduction. This bill clarifies that senior taxpayers may receive both the over-65 deduction and the supplemental standard deduction.

Personal Property Returns - Amended Returns: Under current law, business personal property tax returns must be filed by May 15th of each year. The local assessor may grant an extension through June 14th. Taxpayers may also file an amended return within six months of the filing date or extended filing date if an extension was granted. Beginning with tax returns originally due on May 15, 2010, this bill would allow an amended return to be filed within the 12 months following the normal or extended filing date.

Currently, if an amended return is filed by July 15th, the tax bill payable in the following year reflects the updated values. If the amended return is filed after July 15th, the tax bill payable in the following year is based on the values reported on the original return. Overpayments, if any, are credited to the taxpayer's tax bill for the next tax year. Credits for overpayments reduce property tax collections in the year in which they are applied.

Since current law already addresses the payment schedule for amended returns filed after July 15th, the additional six months granted by this bill to file an amended return should have no impact on current year tax collections. If the longer amendment period encourages the filing of additional amended returns, then subsequent year tax collections could be affected. Under the bill, credits and refunds for amended returns filed more than 6 months after the filing (or extended filing) date would be subject to a reduction of 10%.

Personal Property Returns - Late Filing Penalties: Under current law, a $25 penalty is assessed if a personal property return is not filed before the due date. An additional penalty of 20% of the taxes due is assessed if the return is not filed within 30 days after the due date. Under this bill the $25 penalty would be eliminated and the 20% penalty would be assessed immediately after the due date. Regarding tax returns filed within 30 days after the due date, for smaller taxpayers, the 20% penalty could be less than the current $25 penalty. For larger taxpayers, however, the 20% penalty could be substantial. This provision could encourage more of the larger taxpayers to file on time.

Referenda: Under current law, a capital project is considered a controlled project if it will cost the political subdivision more than the lesser of (1) $2 M or (2) an amount equal to 1% of the total gross assessed value of property within the political subdivision on the last assessment date (if that amount is at least $1 M).

A controlled project for a school building for kindergarten through Grade 8 is subject to a referendum if the cost is more than $10 M. A controlled project for a school building for Grade 9 through Grade 12 is subject to a referendum if the cost is more than $20 M. Other controlled projects with a cost that exceeds the lesser of (1) $12 M or (2) 1% of the assessed value (but at least $1 M) are also subject to a referendum. Controlled projects that are not subject to a referendum are subject to the petition and remonstrance process.

Under this provision, a taxing unit that makes a determination to issue debt or enter into a lease/rental that would not otherwise require a referendum could adopt a resolution specifying that the referendum process applies rather than the petition and remonstrance process. Property tax levies used to pay debt or lease/rentals that were approved in a referendum are exempt from the property tax circuit breaker caps. This provision could result in some future debt and lease/rental levies that would be inside the circuit breaker caps under current law being placed outside the caps. The impact would depend on local unit action and voter preference.

Continuance of Deductions: Under current law, a homeowner's property tax deductions do not apply to taxes payable in the following year if the property is sold after March 1st and by December 31st. If the buyer is a qualifying homesteader, the buyer's deductions are effective for taxes payable in the following year.

Beginning with taxes payable in 2011 under this provision, the residential deductions (mortgage, elderly, blind or disabled, veterans, and rehabilitation) that belonged to the seller would continue for property taxes payable in the following year if the property is sold to a buyer that is granted a property tax exemption for the next assessment date.

The buyer is responsible for paying the property tax in the year after the sale. Currently, the tax amount that the buyer must pay does not reflect the homeowner's deductions, so the tax amount for that one year is higher than it was in previous years. Under this provision, the tax amount would be consistent with the prior year tax bill.

Church Exemption: Under this provision, a church may file an exemption application by June 30, 2010, effective for taxes payable in 2008 under the following conditions:

(1) The church constructed a community center, assessable for the 2007 assessment date;
(2) The church failed to timely file an exemption application for the 2007 assessment date;
(3) The property would have otherwise been eligible for exemption; and
(4) The church timely filed an exemption application for the 2008 assessment date, which was granted.

The total number of properties that could be affected is unknown. One property has been identified in Howard County. According to county records, the original Pay 2008 tax bill was $16,677. With penalties, the total due is $18,372. A payment of $9,186 was made in April 2009, leaving a balance of $9,186.

Under this bill, the exemption would apply retroactively and the tax bill would be cancelled. The local taxing units and school corporation located in the property's taxing district would forego receipt of their share of the remaining $9,186 that is due. Overall current year tax collections would also be reduced by $9,186 in order to provide a refund of the amount already paid.

Social Service Center Exemption: Under this provision, a social service center may file an exemption application by June 30, 2010, effective for taxes payable in 2007 under the following conditions for either of two situations:

<u>Situation A</u>
(1) The social service center acquired personal property and land, then made improvements to the land, all assessable for the 2006 assessment date;
(2) The social service center failed to timely file an exemption application for the 2006 assessment date;
(3) The property would have otherwise been eligible for exemption; and
(4) The social service center timely filed an exemption application for the 2007 assessment date,

which was granted.

The total number of properties that could be affected under this provision is unknown. One affected property has been identified in Marion County. According to a notice issued by the county in September 2009, the total amount due on real property, including interest and penalties, is $64,389. According to county records, the original tax bill for personal property amounted to $478.

Situation B
(1) The social service center acquired personal property, land, and improvements from a nonprofit youth sports club that was assessable for the 2006 assessment date;
(2) Neither the youth sports club nor the social service center timely filed an exemption application for the 2006 assessment date;
(3) The property would have otherwise been eligible for exemption; and
(4) The social service center timely filed an exemption application for the 2007 assessment date, which was granted.

The total number of properties that could be affected under this provision is unknown. One affected property has been identified in Marion County. According to a notice issued by the county in September 2009, the total amount due on real property, including interest and penalties, is $16,840.

Under both provisions, the exemptions would apply retroactively and the tax bills would be cancelled. The local taxing units and school corporation located in the property's taxing district would forego receipt of their share of the amounts currently due, about $81,700.

Fraternity and Other Exemptions: Under this provision, a fraternity, sorority, or educational, literary, scientific, religious, or charitable organization may file an exemption application between January 16, 2010, and January 24, 2010, inclusive, effective for taxes payable in 2007, 2008, 2009, or 2010. In order to file an exemption application under this provision, the entity must have received an exemption for a preceding year on the same property.

The total number of properties that could be affected is unknown. One property owned by a fraternity has been identified in Marion County. According to county records, the original tax bills amounted to $30,143 in 2007, $25,872 in 2008, and $19,310 in 2009. The total for this entity over the three years is $75,325 plus accrued interest and penalties.

Under this provision, the exemption would apply retroactively and the tax bill would be cancelled. The local taxing units and school corporation located in the property's taxing district would forego receipt of their share of the amounts currently due.

Boy Scout Exemption: Under this provision, a local council of the Boy Scouts of America (BSA) may file an exemption application by June 30, 2010, effective for taxes payable in 2008 under the following conditions:
(1) The BSA acquired title to land and improvements after March 1, 2007 and the property was taxable for the 2007 assessment date;
(2) The BSA failed to timely file an exemption application for the 2007 assessment date;
(3) The BSA timely filed an exemption application for the 2008 assessment date, which was granted; and
(4) The property would have been eligible for exemption for the 2007 assessment date if the BSA

had owned the property on March 1, 2007 and if the BSA had timely filed an exemption application.

The total number of properties that could be affected is unknown. One property has been identified in St. Joseph County. According to county records, the original Pay 2008 tax bill was $29,485. With penalties, the total due is $35,587.

Under this bill, the exemption would apply retroactively and the tax bill would be cancelled. The local taxing units and school corporation located in the property's taxing district would forego receipt of their share of the tax due.

American Legion Exemption: Under this provision, the American Legion may file an exemption application by June 30, 2010, effective for taxes payable in 2008 and 2009 under the following conditions:

(1) The Legion holds title to land and improvements and personal property in Marion County that were assessed for the 2007 and 2008 assessment dates at more than five times the 2005 assessment;
(2) The Legion failed to timely file an exemption applications for the 2007 and 2008 assessment dates;
(3) The Legion timely filed an exemption application for the 2009 assessment date, which was granted; and
(4) The property would have been eligible for exemption for the 2007 and 2008 assessment dates if the Legion had owned the property on the assessment dates and if the Legion had timely filed an exemption application.

The total number of properties that could be affected is unknown. One property has been identified in Marion County. According to county records, the original tax bills totaled $126,521. With penalties, the total due is $137,300.

Under this bill, the exemption would apply retroactively and the tax bill would be cancelled. The local taxing units and school corporation located in the property's taxing district would forego receipt of their share of the tax due.

Retroactive Exemptions: HEA 1001-2009(ss) granted additional time to file for a property tax exemption that applies to taxes payable from 2002 through 2010 for property owned and used for educational, literary, scientific, religious, or charitable purposes. The extension of time applied if the owner failed to file an application or if there was insufficient documentation attached to the application. Exemption applications could have been filed through August 31, 2009.

This bill would limit the additional filing opportunity to an entity that meets at least one of the following sets of requirements:

(1) The entity had a 501(c)(3) income tax exemption, timely filed, and was granted an exemption in year preceding the assessment year, but after 1999; or
(2) The entity was formed to finance improvements and to allow a 501(c)(3) exempt organization to have predominant use of the property as a community center for working families; or
(3) The entity was a 501(c)(3) exempt organization that predominantly used the property as a community center for working families.

The exemption applications that are allowed under current law will result in either unpaid taxes that were billed in prior years or in refunds of taxes paid by these entities. Refunds of prior property tax payments reduce current year tax revenues. Under the bill, an exemption application filed under the extension by an entity that did not meet any of the requirements would be denied. This bill would limit the number of retroactive exemptions granted and the associated revenue loss.

Deadlines - Rehabilitation Property Tax Deduction Applications: Under current law, an application for a rehabilitated property tax deduction must be filed in the year of assessment or within 30 days of receiving a notice of assessment if received before *December 31st*. This provision would allow the filing within 30 days of receiving a notice of assessment if received before *December 1st*.

Deadlines - LOIT Changes: Currently, most LOIT rate adoptions, rescissions, or changes must be adopted between April 1st and July 31st, inclusive, to be effective in the year adopted. Under this bill, adoptions, rescissions, or changes may be made at any time in a year before November 1st. This provision could result in faster implementation of LOIT changes adopted by a county. The effective dates, based on adoption date, are as follows.

Proposed Effective Dates For New or Increased LOIT Rates	
Adoption Date	**Effective Date**
January 1 to September 30	October 1
October 1 to October 15	November 1
October 16 to October 31	December 1

Proposed Effective Dates For Rescinded or Reduced LOIT Rates	
Adoption Date	**Effective Date**
January 1 to September 30	Later of : October 1 or same month as last rate increase
October 1 to October 15	Later of : November 1 or same month as last rate increase
October 16 to October 31	December 1

Fire Protection Territories: Under current law, the legislative bodies of at least two contiguous taxing units may establish a fire protection territory. All units involved in the FPT are participating units, one of which is the provider unit. During the first three years of the territory's existence, the participating units each impose a property tax levy to support the FPT. After three years, the provider unit imposes a levy and tax rate upon all of the property in the FPT and the other participating units' levies for fire protection are eliminated.

Prior to the passage of HEA 1001-2008, a participating unit's maximum levy could be increased in the first three years in order to generate the unit's share of the amount necessary to fund the FPT. Under HEA 1001-2008, the levy for an FPT could not increase in any year by more than the income-based assessed value growth quotient (AVGQ), about 3% per year.

However, under HEA 1001-2009ss, new participating units will submit their first-year proposed budget, levy, and tax rate for the FPT to the DLGF. The initial levy set by the DLGF is the basis for future levy growth under the AVGQ growth limits, except that the DLGF may reduce the base by all or a part of the initial levy that was used to establish an operating balance. The operating balance may not exceed 20% of budgeted expenses.

Under this bill, a civil taxing unit may petition the DLGF for an increase in its maximum levy to meet its obligations to the FPT. The DLGF may grant increases over a three-year period, allowing for a reasonable operating balance, with no specific limit rather than the current 20% limit. This provision would permit more flexibility in setting maximum levies in the first three years. Initial levies could be higher under this bill to build an operating balance if the DLGF determines that the reasonable operating balance exceeds 20% of expenditures.

Solar Energy Systems: Under current law, the owner of real property or a mobile home may receive a property tax deduction if the property is equipped with a solar energy heating or cooling system. The amount of the deduction equals the difference between the assessed value with the system and the assessed value without the system. The DLGF is required to promulgate rules regarding the determination of the system's value.

This bill removes the requirement for the DLGF to promulgate rules on solar system deductions. Instead, this provision would set the deduction amount equal to the current owner's out-of-pocket expenditures for the system's components and installation.

This provision would simplify the county auditor's determination of the deduction amount. Property owners who currently receive the deduction for systems installed by a previous owner would lose the exemption under this provision.

EFT: The bill also allows a Class 1 or Class 2 public library to pay claims by electronic funds transfer if the library board adopts a resolution authorizing this payment method. The fiscal impact is minimal.

State Agencies Affected: DLGF; State Budget Agency.

Local Agencies Affected: County auditors; County councils and income tax councils; Fire protection territories; County assessors; Local taxing units impacted by circuit breaker credits; Public libraries.

Information Sources: Jennifer Alvey, Indiana Finance Authority, 233-4338;

Center for Fiscal Accountability, http://www.fiscalaccountability.org/index.php?content=state; Kim Garnero. Alaska Department of Administration, Division of Finance, 907-465-3435; Trent Fellers, Nebraska State Treasurer's Office, 402-471-8884; Dave McTeer, Nevada Department of Administration, Information Technology Division, 775-684-0222; Lisa McKeithan, Oklahoma Office of State Finance, 405-521-3772;

Farmland Assessment For Property Taxes, Larry DeBoer, Purdue University, http://www.agecon.purdue.edu/crd/Localgov/Topics/Essays/Prop_Tax_FarmLand_Asmt.htm; LSA parcel-level assessment and tax database;

Marion and St. Joseph County Auditor tax records and treasurer notices.

Fiscal Analyst: Bob Sigalow, 317-232-9859; Jessica Harmon, 317-232-9854.